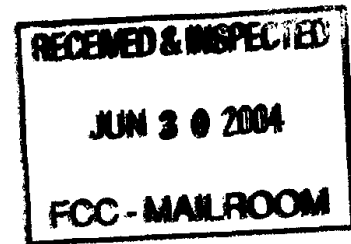




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*passionate about quality<sup>SM</sup>*



June 18, 2004

Marlene H. Dortch, Secretary  
Federal Communications Commission  
Office of the Secretary  
445 12<sup>th</sup> Street, SW  
Washington, DC 20544

Re: CC Docket No. 96-128 Pay Telephone Reclassification and Compensation Provisions  
of the Telecommunications Act of 1996 - Annual Audit.

Dear Ms. Dortch:

Please find attached PAETEC Communications, Inc.'s (PAETEC), Annual Audit Report as requested in the Report and Order adopted on September 30, 2003, CC Docket No. 96-128.

PAETEC has also submitted a copy of this report to the National Pay Phone Clearing House, who will in turn will remit a copy to all of our facilities-based long distance carriers and payphone service providers, as identified in §64.1320(b).

Any questions that you might have in regard to the submission of this audit should be directed to:

JT Ambrosi  
Vice President, Carrier and Government Relations  
PAETEC Communications, Inc.  
One PAETEC Plaza  
600 Willowbrook Office Park  
Fairport, NY 14450  
(585) 340-2528 Office  
(585) 340-2563 Fax  
[jt.ambrosi@paetec.com](mailto:jt.ambrosi@paetec.com)

Sincerely,

Amy L. Dickinson  
Regulatory Analyst

Enclosure

Cc: National Pay Phone Clearing House

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## **AUDIT FOR PAETEC COMMUNICATIONS CONCERNING PROCESS COMPLIANCE FOR FCC REQUIRED PAYPHONE CALL BILLING**

**The FCC released a new payphone compensation report and order on October 3, 2003. The FCC is directing the implementation of new payphone compensation rules requiring all Completing Carriers and Switched Based Resellers (SBR) to compensate Payphone Service Providers (PSP's) for coinless (Dial Around Calls) such as 800 numbers and Calling Card calls. The effective date is July 1, 2004.**

**This audit report of process compliance readiness on the part of PAETEC Communications consist of five sections labeled 1 through V.**

- I. FCC PAYPHONE ORDER SUMMARY**
- II. ATTESTATION REQUIREMENTS**
- III. ATTESTATION (AUDIT) REPORT**
- IV. ATTESTATION AUDIT REPORT SUMMARY**
- V. ATTESTATION PROVIDERS SAMPLE TEST ATTACHMENTS**

### **I. FCC FINAL RULES SUMMARY**

This order places the liability on the facilities-based long distance carrier to compensate PSPs for payphone-originated calls that are completed on the facilities-based long distance carrier's platform. This facilities-based long-distance carrier is the switch-based reseller (SBR) or IXC that completed the call on a switch that it owns or leases. (In those instances where the payphone-originated call is local, the rules apply to the LEC that completes the payphone call on a switch that it owns or leases. For the purpose of this order any carrier that completes a payphone call is an SBR. Obligation for switchless long distance resellers are not altered by this order.) To satisfy its liability to the PSP the SBR must establish a tracking system, third party attestation, and pay a PSP based on the SBR call tracking data.

## **II. ATTESTATION REQUIREMENTS**

**An attestation by Third Party Auditor, using audit methods approved by the American Institute for Certified Public Accountants.**

- A By the effective date of these rules, must file attestation report with the Commission's Secretary and with each PSP.**
- B Verify tracking system accurately tracks payphone calls to completion.**
- C Attestation must verify;**
  - 1 The Completing Carrier's procedures accurately track calls to completion.**
  - 2 If the Completing Carrier has a person or persons responsible for tracking, compensating, and resolving disputes concerning payphone completed calls.**
  - 3 Whether the Completing Carrier has effective data monitoring procedures.**
  - 4 Whether the Completing Carrier adheres to established protocols to ensure that any software, personnel or any other network changes do not adversely affect its payphone call tracking ability.**
  - 5 Whether the Completing Carrier has created a compensable payphone call file by matching call detail records against payphone identifiers.**
  - 6 Whether the Completing Carrier has procedures to incorporate call data into required reports.**
  - 7 Whether the Completing Carrier has implemented procedures and controls needed to resolve payphone compensation disputes.**
  - 8 Whether the independent third-party auditor can test all critical controls and procedures to verify that errors are insubstantial.**
  - 9 Whether the Completing Carrier has in place adequate and effective business rules for implementing and paying payphone compensation, including rules used to:**
    - Identify calls originated from payphones**
    - Identify compensable payphone calls**
    - Identify incomplete or otherwise noncompensable calls**
    - Determine the identities of the PSPs to which the Completing Carrier owes compensation.**
- D. The Completing Carrier must disclose;**
  - 1 Its criteria for identifying calls originating from payphones.**
  - 2 Its criteria for identifying compensable payphone calls.**
  - 3 Its criteria for identifying incomplete or otherwise noncompensable calls.**
  - 4 Its criteria used to determine the identities of the PSPs to which compensation is owed.**
  - 5 Information that the Completing Carrier needs from the PSPs to compensate them.**

### **III. ATTESTATION (AUDIT) REPORT FINDINGS**

- 1 The Completing Carrier's procedures accurately track calls to completion.
- 2 The Completing Carrier has a manager responsible for tracking, compensating and resolving disputes concerning payphone completed calls.
- 3 The Completing Carrier has effective data monitoring procedures.
- 4 The Completing Carrier adheres to established protocols to ensure that any software, personnel or any other network changes do not adversely affect its payphone call tracking ability.
- 5 The Completing Carrier does create a compensable payphone call file by matching call detail records against payphone identifiers.
- 6 The Completing Carrier has procedures to incorporate call data into required reports.
- 7 The Completing Carrier has implemented procedures and controls needed to resolve payphone compensation disputes.
- 8 The independent third-party auditor did test all critical controls and procedures to verify that errors are insubstantial.
- 9 The Completing Carrier has in place adequate and effective business rules for implementing and paying payphone compensation, including rules used to:

Identify calls originated from payphones

Identify compensable payphone calls

Identify incomplete or otherwise non-compensable calls

Determine the identities of the PSPs to which the Completing Carrier owes compensation via use of the NPC.

#### **D. The Completing Carrier did disclose;**

- 1 Its criteria for identifying calls originating from payphones.
- 2 Its criteria for identifying compensable payphone calls.
- 3 Its criteria for identifying incomplete or otherwise non-compensable calls.
- 4 Its criteria used to determine the identities of the PSPs to which compensation is owed via the NPC.
- 5 Information that the Completing Carrier needs from the PSPs to compensate them obtained thru the NPC.

#### **IV. ATTESTATION (AUDIT) REPORT SUMMARY**

**An audit was performed by Sagamore Publications, a telephone consulting firm, during May of 2004, to insure that a process for compliance to this FCC order was in place at PAETEC Communications. The following are the results of that audit.**

**1. Sagamore researched the ability of PAETEC Communications to comply with the FCC directives concerning the new PAYPHONE order.**

**2. Sagamore confirmed that PAETEC Communications is in compliance with a process to:**

**A. Identify calls originated from payphones**

**B. Identify compensable payphone calls**

**C. Identify incomplete or otherwise non compensable calls**

**D. Determine the identity of the PSPs to which PAETEC owes compensation.**

**3. Sagamore determined compliance via dialogue with PAETEC managers, technicians, off site testing from Payphones, and a review of Payphone billing data resulting from these test calls and actual Payphone calls with correlation of that data by the use of an Oracle processing program in the SUN Computer station which is used to prepare the Payphone Billing report prepared for the National Payphone Council (NPC). It is the NPC which identifies the actual Payphone Service Providers (PSPs) who are due compensation for the Payphone Calls completed by PAYTEC Communications.**

#### **4. SUMMARY OF AUDIT:**

**A. PAETEC Communications uses a Lucent 5ESS as there Central Office Switch. The 5ESS is a widely used switch by LEC's, IXC's and CLEC's for both local and Interexchange Carrier service. The switch has industry standard features including the features required to collect Electronic Message Records (EMR) for all calls originated by customers served from the switch for local service and for customers who access the switch via incoming trunks from other Carriers. The billing collection features capture all required data to meet the PAYPHONE billing process required by the FCC. When additions to the 5ESS are required for either Hardware or software generics, a Method of Procedure (MOP) is in place to insure that the current billing data collection sequence is maintained.**

B. Billing data collection is compiled by the 5ESS Administrative Module and downloaded more than once a day with copies of these records placed in back up storage and sent to SUN work stations equipped with an Oracle software program. It is the Oracle program which massages this data for the billing functions PAYTEC needs to accommodate its own customers, Carrier Access Billing and the reports to be sent to the NPC for use in determining the PSP settlements required by FCC PAYPHONE order.

C. Test calls were made from both traditional coin supervisory and non supervisory payphone locations in Saratoga Springs to 800 and DDD numbers which PAETEC completes to. The 800 calls were made from both types of Payphones without using coins and the DDD numbers were made from the same phones using Calling Cards. More than a dozen calls were made without the knowledge of PAETEC. After these calls were made, PAETEC Communications was contacted and given the date and approximate time of the calls. PAETEC was asked to produce a record of these calls.

D. Call records for these test calls were produced by PAETEC Communications and given to Sagamore. These records contained all required call data in a standard format to enable Sagamore to verify that the process for tracking payphone call data was in place.

E. Test calls were made in the second week of May, 2004. After these calls, a site visit was made to view the switch, the SUN work stations and to examine reports from the Oracle software program to verify that PAYPHONE Call records could be sent to the NPC with all required data needed to identify the PSPs, by their 10 digit telephone number and the 800 and calling card calls made from these phone, with the date, time of day and duration of call. Sagamore verified that Oracle does contain adequate programming to produce these records from the 5ESS EMR records. Sagamore reviewed records from both the test calls we had made and a sample of actual PAYPHONE Calls completed by PAETEC Communications.

**Audit Results: Sagamore found as a result of our audit that a process is in place at PAETEC Communications to meet the FCC PAYPHONE Billing requirements.**

Samples of the test calls and research of the PAETEC 5ESS switch can be found in the Attachments to this Process Audit.

This report is intended for internal use by PAETEC Communications and review by the FCC and NPC. Questions concerning this Process Audit of PAETEC Communications can be directed to William Darcy, Sagamore Publications, Box 948, Saratoga Springs, N.Y. 12866, or by telephone on 518.583.1000 or e mail to [spedx2000@aol.com](mailto:spedx2000@aol.com).

**END OF PROCESS AUDIT REPORT (attachments follow)**

V.

**ATTACHMENTS TO THE PROCESS AUDIT BY SAGAMORE  
FOR PAETEC COMMUNICATIONS IN TH MATTER OF COMPLIANCE  
OF PSP BILLING AS DIRECTED BY THE FCC**

**ATTACHMENT 1**

**SAMPLE OF TEST CALLS DELIVERED**

**PART A      TESTS FROM SARATOGA COIN SUPERVISORY TYPE II 27  
CODE (OLI 470) PAYPHONES: Calls originated from 518-584-8815**

**TEST CALLS BETWEEN 12PM AND 12: 30PM**

- 1a. Test call made from payphone to 877.772.3832 on May 23, 2004 completed.
- 1b. Test call made from payphone to 877.772.3832 on May 23, 2004 incomplete.
  
- 2a. Test call made from payphone to 877.340.2600 on May 23, 2004 completed.
- 2a. Test call made from payphone to 877.340.2600 on May 23, 2004 incomplete.
  
- 3a. Test call made from payphone to 877.340.2555 on May 23, 2004 completed.
- 3a. Test call made from payphone to 877.340.2555 on May 23, 2004 incomplete.
  
- 4. DDD: 585.340.2801 (test using calling card)**
- 4a. Test call made from payphone to 585.340.2801 on May 24, 2004 (3-30PM).

**PART B      TESTS FROM SARATOGA COCOT TYPE II 70 CODE  
(OLI 470) PAYPHONES: Calls originated from 518-581-7718**

**TEST CALLS BETWEEN 12PM AND 12: 30PM**

- 1a. Test call made from payphone to 877.772.3832 on May 23, 2004 completed.
- 1b. Test call made from payphone to 877.772.3832 on May 23, 2004 incomplete.
  
- 2a. Test call made from payphone to 877.340.2600 on May 23, 2004 completed.
- 2a. Test call made from payphone to 877.340.2600 on May 23, 2004 incomplete.
  
- 3. DDD : 585.340.2801 (test using calling card)**
- 3a. Test call made from payphone to 585.340.2801 on May 24, 2004 (3-30PM).

**ATTACHMENTS TO THE PROCESS AUDIT BY SAGAMORE  
FOR PAETEC COMMUNICATIONS IN TH MATTER OF COMPLIANCE  
OF PSP BILLING AS DIRECTED BY THE FCC**

**ATTACHMENT 2**

**SAMPLE OF TEST CALL RESULTS**

**1.A A-1a (Rochester Switch)**

Status: Completed

Date/Time: 5-23-04 12:19:52.4

Duration: 8.5sec

From: 518-854-8815

To: 877-772-3832

OLI: 427

008B0000AA40220C110C008C1000002C032C0602004C40523C20000C0200000C001C0C027  
C877C7723832C0C00585C3402912C1219524C000000085C140000000C030C002C427C307C  
006C00518C5848815C104C203510497C720C002C05852959999CFFFFFFFFFFFFFFFFFFFFF  
FFFFF1010000C960C21010C000026541040010C027C01000000174C000C

**A-1b (Rochester Switch)**

Status: Incomplete

Date/Time: 5-23-04 12:20:35.2

Duration: 0.0sec

From: 518-854-8815

To: 877-772-3832

OLI: 427

00940000AA40220C110C008C1000002C032C0602004C40523C00000C0200000C008C0C027  
C877C7723832C0C00585C3402912C1220352C000000000C140000000C025C40523C1220415  
C030C002C427C307C006C00518C5848815C104C203510486C720C002C05852959999CFFFF  
FFFFFFFFFFFFFFFFFFFFFFFFF1010000C960C21010C000035140150010C027C01000000174C0  
00C

**A-2a (Boston Switch)**

Status: Completed

Date/Time: 5-23-04 12:21:11.8

Duration: 7.3sec

From: 518-854-8815

To: 877-340-2600

OLI: 427

008B0000AA40220C110C008C1000001C032C0602004C40523C20000C0200000C001C0C027  
C877C3402600C0C00585C3408449C1221118C000000073C140000000C030C002C427C307C  
006C00518C5848815C104C202030002C720C002C05852959999CFFFFFFFFFFFFFFFFFFFFF  
FFFFF1010000C960C21010C000054202400050C027C08773402600C000C

## ATTACHMENT 2B

### SAMPLE OF TEST CALL RESULTS (Continued)

A-2b (Boston Switch)

Status: Completed

Date/Time: 5-23-04 12:21:55.5

Duration: 0.3sec

From: 518-854-8815

To: 877-340-2600

OLI: 427

008B0000AA40220C110C008C1000001C032C0602004C40523C20000C0200000C001C0C027  
C877C3402600C0C00585C3408449C1221555C000000003C140000000C030C002C427C307C  
006C00518C5848815C104C202030008C720C002C05852959999CFFFFFFFFFFFFFFFFFFFFF  
FFFFF1010000C960C21010C000076442080060C027C08773402600C000C

A-3a (Boston Switch)

Status: Completed

Date/Time: 5-23-04 12:23:09.3

Duration: 5.7sec

From: 518-854-8815

To: 877-340-2555

OLI: 427

008B0000AA40220C110C008C1000001C032C0602004C40523C20000C0200000C001C0C027  
C877C3402555C0C00585C3402555C1223093C000000057C140000000C030C002C427C307C  
006C00518C5848815C104C202030014C720C002C05852959999CFFFFFFFFFFFFFFFFFFFFF  
FFFFF1010000C960C21010C000021771870040C027C08773402555C000C

A-3b (Boston Switch)

Status: Incomplete

Date/Time: 5-23-04 12:23:39.5

Duration: 0.0sec

From: 518-854-8815

To: 877-340-2555

OLI: 427

00940000AA40220C110C008C1000001C032C0602004C40523C00000C0200000C008C0C027  
C877C3402555C0C00585C3402555C1223359C000000000C140000000C025C40523C1223409  
C030C002C427C307C006C00518C5848815C104C202030010C720C002C05852959999CFFFF  
FFFFFFFFFFFFFFFFFFFFF1010000C960C21010C000090931350050C027C08773402555C0  
00C

Test A-4 EMI RECORD (calling card call)

Call Date/Time: 05-24-04 15:19:45

Duration: 1:00

From Num: 5185848815

To Num: 5853402801

Payphone Indicator: 0 - (non-coin call)

01010104052410518584881500010585340280100000060000000015194500010000200000000

103010000100000007000000004629280005853408222SARATOGY SNYROCHESTER NY

80000000000000000000 7880

CABS RECORD - ROC,114,040524,5185848815,8005555505,151833,27,00000117,MCI-800

## ATTACHMENT 2C

### SAMPLE OF TEST CALL RESULTS (Continued)

B-1a (Rochester Switch)

Status: Completed

Date/Time: 5-23-04 12:30:52.6

Duration: 7.4sec

From: 518-581-7718

To: 877-772-3832

OLI: 470

008B0000AA40220C110C008C1000002C032C0602004C40523C20000C0200000C001C0C027  
C877C7723832C0C00585C3402912C1230526C000000074C140000000C030C002C470C307C  
006C00518C5817718C104C203510494C720C002C05852959999CFFFFFFFFFFFFFFFFFFFFF  
FFFFF1010000C960C21010C000017020360010C027C01000000174C000C

B=1b (Rochester Switch)

Status: Incomplete

Date/Time: 5-23-04 12:31:22.5

Duration: 0.0sec

From: 518-581-7718

To: 877-772-3832

OLI: 470

00940000AA40220C110C008C1000002C032C0602004C40523C00000C0200000C008C0C027  
C877C7723832C0C00585C3402912C1231225C000000000C140000000C025C40523C1231257  
C030C002C470C307C006C00518C5817718C104C203510489C720C002C05852959999CFFFF  
FFFFFFFFFFFFFFFFFFFFFFFF1010000C960C21010C000128451820010C027C01000000174C0  
00C

B-2a (Boston Switch)

Status: Completed

Date/Time: 5-23-04 12:34:44.7

Duration: 4.7sec

From: 518-581-7718

To: 877-340-2600

OLI: 470

008B0000AA40220C110C008C1000001C032C0602004C40523C20000C0200000C001C0C027  
C877C3402600C0C00585C3408449C1234447C000000047C140000000C030C002C470C307C  
006C00518C5817718C104C202030023C720C002C05852959999CFFFFFFFFFFFFFFFFFFFFF  
FFFFF1010000C960C21010C000096051050060C027C08773402600C000C

## ATTACHMENT 2D

### SAMPLE OF TEST CALL RESULTS (Continued)

B-2b (Boston Switch)

Status: Completed

Date/Time: 5-23-04 12:35:14.9

Duration: 1.0sec

From: 518-581-7718

To: 877-340-2600

OLI: 499

008B0000AA40220C110C008C1000001C032C0602004C40523C20000C0200000C001C0C027  
C877C30402600C0C00585C3408449C1235149C000000010C140000000C030C002C470C307  
C006C00518C5817718C104C202030006C720C002C05852959999CFFFFFFFFFFFFFFFFFFFF  
FFFFFFFF1010000C960C21010C000036630760070C027C08773402600C000C

Test B-3 EMI RECORD (calling card call)

Call Date/Time: 05-24-04 15:13:08

Duration: 1:00

From Num: 5185817718

To Num: 5853402801

Payphone Indicator: 1 - (coin call)

010101040524105185817718000105853402801000000600000000015130800010000200000000

103010000100000007000000004628700005853408222SARATOGY SNYROCHESTER NY

800000000000000000 7880

CABS RECORD - ROC,114,040524,5185817718,8005555505,151221,70,00000050,MCI-800

### **ATTACHMENT 3**

#### **PAETEC COMMUNICATIONS PAYPHONE AUDIT C. O. SWITCH BACKGROUND**

**1. English name of PAETEC Fairmont 5ESS Switch.**

**ANSWER:** HQ is in Fairport / Switch is actually in Henrietta (or is it Brighton?).  
Casual name is "PAETEC Rochester Switch."

**2. CLLI Code address of PAETEC Fairport 5ESS Switch.**

**ANSWER:** ROCHNY01DS0

**3. Current Generic Number of PAETEC Fairport 5ESS Switch**

**ANSWER:** 5E16.2

**4. Are the EMR (Billing Records) compiled by the same Lucent Switch.**

**(Check one)** YES \_\_\_XXX\_\_\_ NO \_\_\_\_\_

**5. Are your EMR records processed in (by PAETEC) or sent out?**

**In House** \_\_\_XXX\_\_\_ **Sent out** \_\_\_\_\_

**6. If EMR is sent out (question 5) what is name and address of billing company?**

**ANSWER:**

**7. Is the required NPC data processed in house or sent out?**

**ANSWER:** In House

**8. What program is used to process the NPC Data for:**

**A. PAYPHONE 800 Calls – Various Oracle stored procedures and a custom C++ program to produce the actual output.**

**B. PAYPHONE Feature Group A Calls – Not Applicable.**

**C. PAYPHONE Feature Broup B Calls – Not Applicable.**

**9. What Program stores NPC data to send quarterly reports?**

**ANSWER:** Data is stored in Oracle.

**10. Are uncompleted (Busy & Ring no Ans.) calls included in the NPC report?**

**(check one) YES \_\_\_\_\_ NO \_\_\_XXX\_\_\_**

**11. Is your EMR data compiled daily and stored?**

**(check one) YES \_\_\_XXX\_\_\_ NO \_\_\_\_\_**

**12. How long is your processed EMR data kept on File at your HQ?**

**ANSWER:** Within Oracle calls are kept for 3 months, on DVD ROM calls are archived for 7 years.

**13. How long is your NPC data kept on file at your HQ?**

**ANSWER:** I maintain all extracts that I have produced for NPC. Prior to my tenure I am not certain (I have 2003Q2 thru 2004Q1). Data in Oracle for NPC is kept for 7 years.

**14. If required, can you produce at your HQ, EMR records of calls made within the previous week?**

**(Check one) (YES XXX) NO**

**15. If required, can you produce at your HQ, NPC records of calls made within the previous week?**

**(Check one) YES (NO \*XXX)** – the NPC feed is an aggregate of calls over a span of time. Payphone calls are typically processed monthly and the NPC feed is produced on a quarterly basis. \*It would take some manual effort to run a partial NPC report but it could theoretically be done.

**16. If the answer to question 14 or 15 is NO, please state how long in advance test calls would have to be made for an auditor to view EMR and NPC records for particular calls made prior to an on site visit.**

**ANSWER:** Calls are typically available the next day for billing purposes. For creating the NPC feed, it is usually done a month at a time (or a quarter at a time). I would have to investigate the level of effort to produce a partial months worth of call and make sure that it did not adversely affect the regular quarterly processing which would follow such an extract.

**END OF ATTACHMENTS**